



RESOLUTION

AUTHORIZING THE TRANSFER OF THE CITY'S CALENDAR YEAR 2012 PRIVATE BOND ACTIVITY ALLOCATION IN THE APPROXIMATE AMOUNT OF \$103,000,000.00 TO THE STATE OF HAWAII FOR REALLOCATION TO HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

WHEREAS, the City and County of Honolulu issued a request for proposals on February 15, 2012 (the "RFP"), for the lease of twelve City-owned affordable housing projects: Bachelors Quarters, Chinatown Gateway Plaza, Chinatown Manor, Harbor Village, Kanoa Apartments, Kulana Nani Apartments, Manoa Gardens, Marin Tower, Pauahi Hale, Westlake Apartments, West Loch Village and Winston Hale (collectively, the "Projects"); and

WHEREAS, upon conclusion of the evaluation process, the City selected Honolulu Affordable Housing Partners, LLC ("HAHP") to be the lessee of the Projects; and

WHEREAS, concurrently with the submission of this resolution the City has submitted for Council approval resolutions authorizing the execution of a purchase and sale agreement and leases of the Projects to HAHP; and

WHEREAS, HAHP intends to finance the acquisition of the leases in part through the use of tax-exempt private activity bonds for multifamily housing and through the use of low income housing tax credits; and

WHEREAS, pursuant to the Internal Revenue Code, the Internal Revenue Service annually sets a ceiling on the principal amount of all private activity bonds that may be issued in a calendar year by all issuers and counties within a state; and

WHEREAS, each year pursuant to Chapter 39B of the Hawaii Revised Statutes, as amended ("HRS"), the City is allocated a 37.55 per cent share of the annual state ceiling for the State of Hawaii; and

WHEREAS, for calendar year 2012, the City's allocated share of the annual state ceiling in dollar terms has been set at approximately \$103,000,000.00; and

WHEREAS, the City does not have the resources to issue private activity bonds for multifamily housing at this time and has no need for the current-year allocation for other private activities; and

WHEREAS, the Hawaii Housing Finance and Development Corporation ("HHFDC") has been very active in the issuance of multifamily housing bonds, and has indicated a willingness to issue multifamily housing bonds on behalf of HAHP to support



RESOLUTION

the acquisition of the City's rental housing complexes, provided that HAHP meets all program requirements; and

WHEREAS, HRS Chapter 39B-2(d) provides for assignment by the City or any county of all or any part of its allocation of the annual state ceiling; and

WHEREAS, the City desires to assign all of its allocation of the annual state ceiling for calendar year 2012 to the State of Hawaii for reallocation to HHFDC solely for the purpose of facilitating the issuance of private activity bonds by HHFDC in support of the City's Honolulu Affordable Housing Preservation Initiative; and

WHEREAS, the State of Hawaii, HHFDC and the City propose to enter into a Memorandum of Agreement, a copy of which is attached hereto as Exhibit A, to document their agreement to the proposed transfer and to the reallocation of the City's private bond activity authority for the current calendar year to HHFDC; and

WHEREAS, Council approval is required for a mid-year transfer of the City's private bond activity allocation; and

WHEREAS, the Council finds that it is in the public interest to facilitate HAHP's acquisition of City leases as part of the Honolulu Affordable Housing Preservation Initiative by transferring the City's private bond activity allocation for the current calendar year to the State of Hawaii for reallocation to HHFDC as proposed; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that:

- 1) The proposed transfer of the City's entire private bond activity allocation in the approximate amount of \$103,000,000.00 for the current calendar year to the State of Hawaii for reallocation to HHFDC is hereby approved;
- 2) The Director of Budget and Fiscal Services is authorized to execute the Memorandum of Agreement by and among the City and County of Honolulu, the Department of Budget and Finance, State of Hawaii and the Hawaii Housing Finance and Development Corporation, substantially in the form attached hereto as Exhibit A,
- 3) The Mayor, the Director of Budget and Fiscal Services, or the Director of Community Services is hereby authorized to execute any incidental or related documents to carry out the transaction described above, as long as such documents do not impose either directly or indirectly any financial obligation on the City; and



No. 12-230

RESOLUTION

BE IT FINALLY RESOLVED by the Council of the City and County of Honolulu that the Clerk be, and is hereby directed to transmit copies of this Resolution to Michael R. Hansen, Director of Budget and Fiscal Services, and Samuel E. H. Moku, Director of Community Services. Copies of this Resolution shall also be transmitted to the Director of the Department of Budget and Finance, State of Hawaii and to the Executive Director of the Hawaii Housing Finance and Development Corporation.

~~INTRODUCED BY:~~

(b)(7)(D)

[illegible]

DATE OF INTRODUCTION:

AUG 28 2012

Honolulu, Hawaii

Councilmembers

**MEMORANDUM OF AGREEMENT
BY AND AMONG THE CITY AND COUNTY OF HONOLULU,
THE DEPARTMENT OF BUDGET AND FINANCE,
STATE OF HAWAII AND
THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION**

This Memorandum of Agreement is entered into by and among the City and County of Honolulu (the "City"), the Department of Budget and Finance, State of Hawaii ("Budget and Finance") and the Hawaii Housing Finance and Development Corporation ("HHFDC") for the purpose of setting forth the understandings of the parties regarding (A) the City's assignment to the State of Hawaii of the City's calendar year 2012 private activity bond allocation, and (B) the future use of said allocation by the State of Hawaii.

RECITALS

WHEREAS, pursuant to the Internal Revenue Code, the Internal Revenue Service annually sets a ceiling on the principal amount of all private activity bonds that may be issued in a calendar year by all issuers and counties within a state; and

WHEREAS, each year pursuant to Chapter 39B of the Hawaii Revised Statutes, as amended ("HRS"), the City is allocated a 37.55 per cent share of the annual state ceiling for the State of Hawaii; and

WHEREAS, for calendar year 2012, the City's allocated share in dollar terms of the annual state ceiling has been set at approximately \$103,000,000.00; and

WHEREAS, HRS Chapter 39B-2(d) provides for assignment by the City or any county of all or any part of its allocation of the annual state ceiling; and

WHEREAS, the City desires to assign all of its allocation of the annual state ceiling for calendar year 2012 to HHFDC solely for the purpose of facilitating the issuance of private activity bonds by HHFDC in support of and to the extent required for the City's Honolulu Affordable Housing Preservation Initiative ("HAHPI"), which initiative involves the long-term leasing of twelve City affordable housing projects to a private sector entity; and

WHEREAS, Budget and Finance and HHFDC are amenable to the assignment of the City's calendar year 2012 allocation to HHFDC solely for that purpose;

NOW, THEREFORE, in consideration of the foregoing, the parties agree as follows:

AGREEMENT

1. The City agrees to take in timely fashion all reasonable steps necessary to assign to HHFDC all of its allocation of the annual state ceiling for private activity bonds for calendar

year 2012, in the approximate amount of \$103,000,000.00, for the sole purpose of facilitating the issuance of private activity bonds by HHFDC in support of and to the extent required for the City's HAHPI project.

2. The parties acknowledge and agree that the assignment by the City is subject to approval by the City Council, and the City agrees to take in timely fashion all reasonable steps necessary to obtain such approval.

3. Budget and Finance agrees to take in timely fashion all reasonable steps necessary to cause the City's assigned allocation for calendar year 2012 to be reallocated to HHFDC, for the sole purpose of facilitating the issuance of private activity bonds by HHFDC in support of and to the extent required for the City's HAHPI project.

4. HHFDC agrees to take in timely fashion all reasonable steps necessary to issue private activity bonds solely in support of and to the extent required for the City's HAHPI project, up to the amount assigned by the City and reallocated to HHFDC.

5. The parties agree to enter into such other and further agreements or instruments as may be necessary to fully implement the purposes of this Memorandum of Agreement.

The parties have executed this Memorandum of Agreement on _____, 2012.

CITY AND COUNTY OF HONOLULU

By: _____
Director of Budget
and Fiscal Services

DEPARTMENT OF BUDGET AND FINANCE,
STATE OF HAWAII

By: _____
Its: _____

HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION

By: _____
Its: _____

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED AS TO LEGALITY:

Deputy Attorney General

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
C E R T I F I C A T E

S T A T U S

RESOLUTION 12-230

Introduced: 08/28/12 By: ERNEST MARTIN (BR)

Committee: BUDGET

Title: RESOLUTION AUTHORIZING THE TRANSFER OF THE CITY'S CALENDAR YEAR 2012 PRIVATE BOND ACTIVITY ALLOCATION IN THE APPROXIMATE AMOUNT OF \$103,000,000.00 TO THE STATE OF HAWAII FOR REALLOCATION TO HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION.

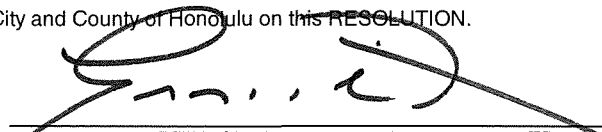
Links: [RES12-230](#)
[CR-349](#)

Voting Legend: Y= Aye, Y* = Aye w/Reservations, N = No, A = Absent, ABN = Abstain

BUDGET	09/19/12	RESOLUTION NOT REPORTED OUT; PENDING IN COMMITTEE.			
BUDGET	10/02/12	CR-349 – RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION.			
COUNCIL	10/03/12	ACTION ON CR-349 AND RESOLUTION 12-230 DEFERRED.			
ANDERSON	Y	BERG	Y	CACHOLA	Y
CHANG	Y	GARCIA	Y		
HARIMOTO	Y	KOBAYASHI	Y	MARTIN	Y
SPECIAL COUNCIL	10/11/12	CR-349 AND RESOLUTION 12-230 WERE ADOPTED.			
ANDERSON	Y	BERG	N	CACHOLA	N
CHANG	Y	GARCIA	Y		
HARIMOTO	Y	KOBAYASHI	Y	MARTIN	Y

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.


BERNICE K. N. MAU, CITY CLERK


ERNEST Y. MARTIN, CHAIR AND PRESIDING OFFICER